

**64D02-2006-CT-004035**

Porter Superior Court 2

Filed: 6/4/2020 10:48 AM  
Clerk  
Porter County, Indiana

STATE OF INDIANA ) IN IN THE PORTER CIRCUIT/SUPERIOR COURT  
 ) SS:  
COUNTY OF PORTER )

PARKDALE CENTER, LLC, )  
 )  
Plaintiff, )  
 )  
.v. ) CAUSE NO.:  
 )  
LIBERTY MUTUAL INSURANCE )  
COMPANY )  
 )  
Defendant. )

**COMPLAINT**

COME NOW Plaintiff, Parkdale Center, LLC, ("Plaintiff"), by counsel, Ashford Law Group, P.C., and for its claims against Defendant, Liberty Mutual Insurance Company ("Defendant") and states as follows:

**THE PARTIES**

1. At all times relevant herein, Plaintiff has been an Indiana corporation, doing business as healthcare facility for patients requiring substance abuse treatment in Porter County, Indiana.
2. At all times relevant hereto, Plaintiff operated a business, located at 350 Indian Boundary Rd, Chesterton, Indiana 46304. ("the Property").
3. At all times relevant hereto, Defendant is and has been an Indiana insurance company, doing business and selling policies of commercial property insurance in the state of Indiana.
4. At all times relevant hereto, Defendant has been licensed by the Indiana Department of Insurance to issue property-owners insurance policies to Indiana residents.

### **THE POLICY**

5. At all times relevant hereto, Defendant issued a commercial Policy Number BFS (20) 60 24 91 00 to the Plaintiff (the "Policy"), which specifically covered the Plaintiff's business. [A purported copy of the Policy is attached hereto and incorporated herein as Exhibit "A".]

6. The relevant term of coverage with respect to this lawsuit is September 1, 2019 to September 1, 2020 (the "Term"). The applicable limits of coverage were \$972,302 in building coverage, \$50,000.00 for business personal property, and "actual loss sustained" for twelve months for business income and extra expense coverage.

7. The Policy provides coverage for damage and loss to the business structure, personal property, and for loss of business income. Plaintiff relied upon Defendant to provide the coverage suitable and necessary for its business interests, including determining appropriate policy limits.

8. The Policy is an "All Risks" type of policy that covers all direct physical losses with the exception of enumerated exclusions and limitations.

9. Plaintiff paid all Policy premiums that became due during the Term.

10. Plaintiff paid additional premiums for replacement cost coverage, as well as business personal property coverage, and loss of business income and extra expense coverage.

11. The Policy remained in force throughout the duration of the Term.

### **THE CLAIMS**

12. On or about March 15, 2020, Plaintiff sustained a loss as a result of an overflowing toilet that damaged the building and personal property therein (the "Loss").

13. In addition to such damages, Plaintiff sustained a loss of business income, and

further incurred “extra expenses” from the Loss.

14. Shortly after learning of the Loss, Plaintiff notified Defendant of the same in accordance with the Policy.

15. Defendant received timely notice of the water damage, and further assigned it Claim Number 23790055, with a date of loss of March 15, 2020.

16. Pursuant to the express terms of the Policy, the Loss was covered, up to the full replacement cost limits for the building, business personal property, and loss of income and extra expenses coverages.

17. At all times relevant hereto, Defendant has acted by and through its employees and agents in its handling of the Defendant claim.

18. Plaintiff has fully complied with all terms and conditions precedent under the Policy pertaining to the provision of coverage.

19. Plaintiff has not excused Defendant’s non-performance of its obligations under the Policy.

20. Plaintiff has satisfied any and all preconditions to coverage, or to filing suit, or the same have been waived by Defendant.

21. Despite the Loss being covered under the express terms of the Policy, Defendant has failed and refused to provide such coverage, in material breach of the Policy.

22. Furthermore, Defendant has materially misrepresented the terms of the Policy to Plaintiff.

23. Rather, Defendant has insisted that the loss was subject to an inapplicable Endorsement, and has refused to provide coverage beyond the limit of that Endorsement, without legal basis or justification.

**COUNT I – BREACH OF CONTRACT**

1-23. Plaintiff, repeats and re-alleges rhetorical paragraphs 1-23, as if fully reincorporated herein.

24. The Policy is a valid contract (“Contract”) between Plaintiff and Defendant.

25. In addition to the provisions in the Policy, amendments and endorsements, the Contract further includes additional provisions required by law, as well as an obligation by Defendant to exercise a covenant of good faith and fair dealing toward Plaintiff.

26. Defendant has breached its Contract with Plaintiff in one or more of the following ways:

- a) Misrepresenting the terms and conditions of coverage;
- b) Failing and refusing to provide coverage for Plaintiff’s claim and/or Loss, without legal excuse or justification;
- c) Failing and refusing to pay the full replacement cost for Plaintiff’s Loss, without legal excuse or justification;
- d) Failing and refusing to pay Plaintiff pursuant to the replacement cost coverage for which Plaintiff paid additional premiums and costs;
- e) Wrongfully denying Plaintiff’s claim;
- f) Wrongfully applying an inapplicable Endorsement;
- g) Failing and/or refusing to comply with the terms of its Policy; and
- h) Failing to exercise good faith and fair dealing in its handling of Plaintiff’s Claim.

27. As a direct and proximate result of Defendant’s breach of contract with Plaintiff, Plaintiff has suffered consequential damages, including but not limited to:

- a) The loss and damage to its property without indemnification provided for in the Policy;
- b) The loss of use of its property and other insurance benefits;
- c) The loss of personal property;
- d) The loss of business income and extra expenses;
- e) The increased cost to repair and/or replace its property insured; and
- f) Other consequential damages.

WHEREFORE, Plaintiff, Parkdale Center, LLC, by counsel, respectfully requests judgment in its favor and against Defendant Liberty Mutual Insurance Company, and further requests the following relief:

- A. For the payment of all proceeds available and due under the Policy;
- B. For all reasonable compensatory and consequential damages;
- C. For recoverable pre-judgment and post-judgment interest; and recoverable attorney fees and costs; and
- D. For all other just and proper relief in the premises.

Respectfully submitted,

ASHFORD LAW GROUP, P.C.

BY: C. ANTHONY ASHFORD, 19253-02

/s/ C. Anthony Ashford  
Attorney for Plaintiff  
332 W. 806 N.  
Valparaiso, IN 46385  
P: (219) 728-5210  
F: (219) 728-5210  
[tony@nwilawfirm.com](mailto:tony@nwilawfirm.com)

**COUNT II – BAD FAITH/BREACH OF COVENANT OF GOOD FAITH**

1-27. Plaintiff repeats and re-alleges rhetorical paragraphs 1-27, as if fully reincorporated herein.

28. In addition to breaching its Contract with Plaintiff, Defendant further breached its covenant of good faith and fair dealing with Plaintiff in one or more of the following manners:

- a) By making an unfounded refusal to pay policy proceeds to Plaintiff;
- b) By causing an unfounded refusal to accept coverage pursuant to the terms of the Policy;
- c) By misrepresenting pertinent facts and insurance policy provisions relating to the claims and coverages at issue;
- d) By attempting to exercise any unfair advantage to pressure Plaintiff into a settlement of its claims;
- e) By insisting upon an inapplicable Endorsement to materially alter its obligations under the Policy, without legal basis; and
- f) By compelling Plaintiff to institute litigation to protect policy benefits due under the policy.

29. Defendant's actions were made in bad faith and/or a breach of the covenant of good faith and fair dealing to Plaintiff and has resulted in additional injury and damage to Plaintiff, including but not limited to consequential damages.

WHEREFORE, Plaintiff, Parkdale Center, LLC, by counsel, respectfully requests judgment in its favor and against Defendant Liberty Mutual Insurance Company, and further requests the following relief:

- A. For the payment of all proceeds available and due under the Policy;
- B. For all reasonable compensatory and consequential damages;
- C. For recoverable pre-judgment and post-judgment interest;
- D. For all recoverable punitive damages;
- E. For recoverable attorney fees and costs; and
- F. For all other just and proper relief in the premises.

Respectfully submitted,

ASHFORD LAW GROUP, P.C.

BY: C. ANTHONY ASHFORD, 19253-02

/s/ C. Anthony Ashford

Attorney for Plaintiff  
332 W. 806 N.  
Valparaiso, IN 46385  
P: (219) 728-5210  
F: (219) 728-5210  
[tony@nwilawfirm.com](mailto:tony@nwilawfirm.com)

**JURY DEMAND**

**PLAINTIFF, BY COUNSEL, HEREBY DEMANDS TRIAL BY JURY.**

Respectfully submitted,

ASHFORD LAW GROUP, P.C.

BY: C. ANTHONY ASHFORD, 19253-02

/s/ C. Anthony Ashford

Attorney for Plaintiff  
332 W. 806 N.  
Valparaiso, IN 46385  
P: (219) 728-5210  
F: (219) 728-5210  
[tony@nwilawfirm.com](mailto:tony@nwilawfirm.com)

**CERTIFICATE OF FILING**

*I certify that on the 4th day of June, 2020, I electronically filed the foregoing document using the Indiana E-Filing System (IEFS).*

BY: /s/ C. Anthony Ashford

**64D02-2006-CT-004035**

Porter Superior Court 2

Filed: 6/4/2020 10:48 AM

Clerk

Porter County, Indiana

# EXHIBIT A



**Coverage Is Provided In:**  
Ohio Security Insurance Company

Policy Number:  
**BFS (20) 60 24 91 00**

Policy Period:  
**From 09/01/2019 To 09/01/2020**  
12:01 am Standard Time  
at Insured Mailing Location

### Common Policy Declarations

#### Named Insured & Mailing Address

PARKDALE CENTER, LLC  
350 INDIAN BOUNDARY RD  
CHESTERTON, IN 46304

#### Agent Mailing Address & Phone No.

(317) 634-7491  
GREGORY & APPEL INSURANCE-GR  
1402 N CAPITOL AVE STE 400  
INDIANAPOLIS, IN 46202-2375



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Named Insured Is: LIMITED LIABILITY COMPANY

Named Insured Business Is: HEALTH CARE FACILITIES

*In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.*

### SUMMARY OF COVERAGE PARTS AND CHARGES

This policy consists of this Common Policy Declarations page, Common Policy Conditions, Coverage Parts (which consist of coverage forms and other applicable forms and endorsements, if any, issued to form a part of them) and any other forms and endorsements issued to be part of this policy.

COVERAGE PART	CHARGES
Commercial Property	\$4,973.00
<i>Total Charges for all of the above coverage parts:</i>	<i>\$4,973.00</i>
<i>Certified Acts of Terrorism Coverage:</i>	<i>\$112.00</i>

*Note: This is not a bill*

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### IMPORTANT MESSAGES

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Issue Date      09/03/19

Authorized Representative

To report a claim, call your Agent or 1-800-366-6446

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**Coverage Is Provided In:**  
**Ohio Security Insurance Company**

Policy Number:  
**BFS (20) 60 24 91 00**

Policy Period:  
**From 09/01/2019 To 09/01/2020**  
**12:01 am Standard Time**  
**at Insured Mailing Location**

### Common Policy Declarations

#### Named Insured

PARKDALE CENTER, LLC  
350 INDIAN BOUNDARY RD  
CHESTERTON, IN 46304

#### Agent

(317) 634-7491  
GREGORY & APPEL INSURANCE-GR  
1402 N CAPITOL AVE STE 400  
INDIANAPOLIS, IN 46202-2375

### SUMMARY OF LOCATIONS

0001 350 Indian Boundary Rd, Chesterton, IN 46304-1511

### POLICY FORMS AND ENDORSEMENTS

This section lists the Forms and Endorsements for your policy. Refer to these documents as needed for detailed information concerning your coverage.

FORM NUMBER	TITLE
CP 00 10 10 12	Building and Personal Property Coverage Form
CP 00 30 10 12	Business Income (And Extra Expense) Coverage Form
CP 00 90 07 88	Commercial Property Conditions
CP 01 40 07 06	Exclusion of Loss Due to Virus or Bacteria
CP 01 52 07 96	Indiana Changes - Rights of Recovery
CP 10 30 10 12	Causes of Loss - Special Form
CP 88 00 02 15	Property Extension Endorsement
CP 88 04 03 10	Removal Permit
CP 88 44 02 15	Equipment Breakdown Coverage Endorsement
CP 90 55 12 12	Business Income And Extra Expense Changes - Actual Loss Sustained In A Twelve-Month Period
CP 90 59 12 12	Identity Theft Administrative Services and Expense Coverage
CP 92 01 05 17	Property Anti-Stacking Endorsement
IL 00 17 11 98	Common Policy Conditions
IL 01 56 11 17	Indiana Changes - Concealment, Misrepresentation or Fraud
IL 02 72 09 07	Indiana Changes - Cancellation and Nonrenewal
IL 09 35 07 02	Exclusion of Certain Computer-Related Losses
IL 09 52 01 15	Cap On Losses From Certified Acts Of Terrorism

In witness whereof, we have caused this policy to be signed by our authorized officers.

Mark Touhey  
Secretary

Paul Condrin  
President

To report a claim, call your Agent or 1-844-325-2467  
DS 70 21 11 16



**Coverage Is Provided In:**  
Ohio Security Insurance Company

Policy Number:  
**BFS (20) 60 24 91 00**

Policy Period:  
**From 09/01/2019 To 09/01/2020**  
12:01 am Standard Time  
at Insured Mailing Location

### Common Policy Declarations

#### Named Insured

PARKDALE CENTER, LLC  
350 INDIAN BOUNDARY RD  
CHESTERTON, IN 46304

#### Agent

(317) 634-7491  
GREGORY & APPEL INSURANCE-GR  
1402 N CAPITOL AVE STE 400  
INDIANAPOLIS, IN 46202-2375

### POLICY FORMS AND ENDORSEMENTS - CONTINUED

This section lists the Forms and Endorsements for your policy. Refer to these documents as needed for detailed information concerning your coverage.

#### FORM NUMBER

#### TITLE

IL 09 96 01 07	Conditional Exclusion of Terrorism Involving Nuclear, Biological or Chemical Terrorism (Relating to Disposition of Federal Terrorism Risk Insurance Act)
IL 70 13 02 08	Amendment of Definition of Pollutants

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To report a claim, call your Agent or 1-844-325-2467

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**Coverage Is Provided In:**  
Ohio Security Insurance Company

Policy Number:  
**BFS (20) 60 24 91 00**

Policy Period:  
**From 09/01/2019 To 09/01/2020**  
12:01 am Standard Time  
at Insured Mailing Location

**Commercial Property  
Declarations**

**Named Insured**

PARKDALE CENTER, LLC

**Agent**

(317) 634-7491  
GREGORY & APPEL INSURANCE-GR



**SUMMARY OF CHARGES**

**Explanation of  
Charges**

<b>DESCRIPTION</b>	<b>PREMIUM</b>
<b>Property Schedule Totals</b>	<b>\$4,861.00</b>
<b>Certified Acts of Terrorism Coverage</b>	<b>\$112.00</b>

**Total Advance Charges:** **\$4,973.00**

*Note: This is not a bill*

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**To report a claim, call your Agent or 1-844-325-2467**

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**Coverage Is Provided In:**  
**Ohio Security Insurance Company**

Policy Number:  
**BFS (20) 60 24 91 00**

Policy Period:  
**From 09/01/2019 To 09/01/2020**  
**12:01 am Standard Time**  
**at Insured Mailing Location**

**Commercial Property  
Declarations Schedule**

**Named Insured**

**Agent**

PARKDALE CENTER, LLC

(317) 634-7491

GREGORY & APPEL INSURANCE-GR

**SUMMARY OF PROPERTY COVERAGES - BY LOCATION**

Insurance at the described premises applies only for coverages for which a limit of insurance is shown. Optional coverages apply only when entries are made in this schedule.

**0001 350 Indian Boundary Rd, Chesterton, IN 46304-1511**

<b>Property Characteristics</b>	<b>Description:</b>
	<b>Construction:</b> Frame
<hr/>	
<b>Building Coverage</b>	
	<b>Occupancy:</b> Health Care Facilities - Alcohol And Drug - Not For Profit
<b>Description</b>	
	Limit of Insurance - Replacement Cost \$972,307
	Coinurance 100%
<b>Covered Causes of Loss</b>	
	Special Form - Including Theft
	Deductible - All Covered Causes of Loss Unless Otherwise Stated \$1,000
	<b>Premium</b> \$2,878.00

**To report a claim, call your Agent or 1-844-325-2467**

**DS 70 23 01 08**



**Coverage Is Provided In:**  
Ohio Security Insurance Company

Policy Number:  
**BFS (20) 60 24 91 00**

Policy Period:  
**From 09/01/2019 To 09/01/2020**  
12:01 am Standard Time  
at Insured Mailing Location

**Commercial Property  
Declarations Schedule**

**Named Insured**

**Agent**

PARKDALE CENTER, LLC

(317) 634-7491

GREGORY & APPEL INSURANCE-GR



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**SUMMARY OF PROPERTY COVERAGES - BY LOCATION**

*Continuation of 350 Indian Boundary Rd, Chesterton, IN 46304-1511*

**Your Business  
Personal Property  
Coverage**

**Occupancy:** Health Care Facilities - Alcohol And Drug - Not For Profit

**Description**

Limit of Insurance - Replacement Cost	<b>\$50,000</b>
---------------------------------------	-----------------

Coinsurance	100%
-------------	------

**Covered Causes of Loss**

Special Form - Including Theft

Deductible - All Covered Causes of Loss Unless Otherwise Stated	<b>\$1,000</b>
---	----------------

<b>Premium</b>	<b>\$244.00</b>
----------------	-----------------

**Business Income  
and Extra Expense  
Coverage**

**Description**

Limit of Insurance - Including Rental Value	<b>See Endorsement</b>
---	------------------------

Actual Loss Sustained	12 Months
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**Covered Causes of Loss**

Special Form - Including Theft

<b>Premium</b>	<b>\$1,584.00</b>
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**Equipment  
Breakdown  
Coverage**

This Equipment Breakdown insurance applies to the coverages shown for this location. The Equipment Breakdown limit(s) of insurance and deductible are included in, and not in addition to, the limits and deductible shown for the Building, Your Business Personal Property, Your Business Personal Property of Others, Tenants Improvements and Betterments, Business Income and Extra Expense, Business Income Without Extra Expense, and Extra Expense coverages.

<b>Premium</b>	<b>\$143.00</b>
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**To report a claim, call your Agent or 1-844-325-2467**

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**Coverage Is Provided In:**  
**Ohio Security Insurance Company**

Policy Number:  
**BFS (20) 60 24 91 00**

Policy Period:  
**From 09/01/2019 To 09/01/2020**  
**12:01 am Standard Time**  
**at Insured Mailing Location**

**Commercial Property  
Declarations Schedule**

**Named Insured**

**Agent**

PARKDALE CENTER, LLC

(317) 634-7491

GREGORY & APPEL INSURANCE-GR

**SUMMARY OF OTHER PROPERTY COVERAGES**

<b>Identity Theft Administrative Services And Expense Coverage</b>	<b>Description</b>	<b>Premium</b>	<b>\$12.00</b>
<b>Property Extension Endorsement</b>	<b>Description</b>	<b>Premium</b>	<b>\$ .00</b>
<b>Commercial Property Schedule Total:</b>			<b>\$4,861.00</b>

To report a claim, call your Agent or 1-844-325-2467

**DS 70 23 01 08**

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COMMERCIAL PROPERTY  
CP 00 10 10 12**BUILDING AND PERSONAL  
PROPERTY COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

**A. Coverage**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

**1. Covered Property**

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2. Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

- a. **Building**, meaning the building or structure described in the Declarations, including:
  - (1) Completed additions;
  - (2) Fixtures, including outdoor fixtures;
  - (3) Permanently installed:
    - (a) Machinery; and
    - (b) Equipment;
  - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
    - (a) Fire-extinguishing equipment;
    - (b) Outdoor furniture;
    - (c) Floor coverings; and
    - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
  - (5) If not covered by other insurance:
    - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

- b. **Your Business Personal Property** consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

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**c. Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**2. Property Not Covered**

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

I. Retaining walls that are not part of a building;

m. Underground pipes, flues or drains;

n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;

o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;

p. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

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- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
  - (c) Rowboats or canoes out of water at the described premises; or
  - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
  - q. The following property while outside of buildings:
    - (1) Grain, hay, straw or other crops;
    - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.
  - 3. **Covered Causes Of Loss**  
See applicable Causes Of Loss form as shown in the Declarations.
  - 4. **Additional Coverages**
    - a. **Debris Removal**
      - (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
      - (2) Debris Removal does not apply to costs to:
        - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
        - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
    - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
    - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
    - (e) Remove deposits of mud or earth from the grounds of the described premises;
    - (f) Extract "pollutants" from land or water; or
    - (g) Remove, restore or replace polluted land or water.
  - (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
    - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
    - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
    - (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

#### **(5) Examples**

The following examples assume that there is no Coinsurance penalty.

##### **Example 1**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ( $\$49,500 + \$10,000 = \$59,500$ ) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

##### **Example 2**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows:  $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$ , capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense ( $\$79,500 + \$40,000 = \$119,500$ ) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

#### **b. Preservation Of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

#### **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
  - (a) We will not pay for the Increased Cost of Construction:
    - (i) Until the property is actually repaired or replaced at the same or another premises; and
    - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
  - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

#### **f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
  - (a) If the Causes of Loss - Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
  - (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
  - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

(d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

##### 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

##### a. Newly Acquired Or Constructed Property

###### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

###### (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3) Period of Coverage**

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to your cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes of Loss - Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes of Loss - Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;

- (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
- (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
  - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

#### B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

#### C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

#### D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

#### Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance - Building 1:	\$ 60,000
Limit of Insurance - Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$60,100	
<u>- 250</u>	
\$59,850	Loss Payable - Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:  $\$59,850 + \$80,000 = \$139,850$

#### **Example 2**

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable - Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable - Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

#### **E. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### **1. Abandonment**

There can be no abandonment of any property to us.

##### **2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### **3. Duties In The Event Of Loss Or Damage**

- a. You must see that the following are done in the event of loss or damage to Covered Property:
  - (1) Notify the police if a law may have been broken.
  - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
- Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

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- (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- 4. Loss Payment**
  - a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
    - (1) Pay the value of lost or damaged property;
    - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
    - (3) Take all or any part of the property at an agreed or appraised value; or
    - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.
  - We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
  - b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
  - c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
  - d. We will not pay you more than your financial interest in the Covered Property.
  - e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
  - f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
  - g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
    - (1) We have reached agreement with you on the amount of loss; or
    - (2) An appraisal award has been made.
  - h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.
- 5. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

## 6. Vacancy

### a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
  - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
    - (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
    - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
  - (a) Vandalism;
  - (b) Sprinkler leakage, unless you have protected the system against freezing;
  - (c) Building glass breakage;
  - (d) Water damage;
  - (e) Theft; or
  - (f) Attempted theft.

- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

## 7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
  - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

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- (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

#### F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

#### Example 1 (Underinsurance)

When: The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%
The Limit of Insurance for it is:	\$ 100,000
The Deductible is:	\$ 250
The amount of loss is:	\$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

#### Example 2 (Adequate Insurance)

When: The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%
The Limit of Insurance for it is:	\$ 200,000
The Deductible is:	\$ 250
The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

#### Example 3

When: The value of property is:	
Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	\$ 75,000
	<hr/>
	\$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Location 1 and 2 is:	\$ 180,000
The Deductible is:	\$ 1,000

The amount of loss is:

Building at Location 2:	\$ 30,000
Personal Property at Location 2:	\$ 20,000

	<hr/>
	\$ 50,000

Step (1): \$250,000 x 90% = \$225,000

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): \$180,000 ÷ \$225,000 = .80

Step (3): \$50,000 x .80 = \$40,000.

Step (4): \$40,000 - \$1,000 = \$39,000.

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

## 2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

## G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

- 1. Agreed Value
  - a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
  - b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
  - c. The terms of this Optional Coverage apply only to loss or damage that occurs:
    - (1) On or after the effective date of this Optional Coverage; and
    - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

## 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

### Example

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  

$$\$100,000 \times .08 \times 146 \div 365 = \$ 3,200$$

## 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
  - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

- d. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace the lost or damaged property with other property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

**4. Extension Of Replacement Cost To Personal Property Of Others**

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

**H. Definitions**

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalies, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

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COMMERCIAL PROPERTY  
CP 00 30 10 12**BUSINESS INCOME (AND EXTRA EXPENSE)  
COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

**A. Coverage****1. Business Income**

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

**2. Extra Expense**

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.

- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

### **3. Covered Causes Of Loss, Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

### **4. Additional Limitation - Interruption Of Computer Operations**

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

### **5. Additional Coverages**

#### **a. Civil Authority**

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends; whichever is later.

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**b. Alterations And New Buildings**

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

**c. Extended Business Income**

**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
  - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**(2) "Rental Value"**

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
  - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**d. Interruption Of Computer Operations**

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation - Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation - Interruption Of Computer Operations does not apply based on Paragraph A.4.d. therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
  - (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
  - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

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## **6. Coverage Extension**

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### **Newly Acquired Locations**

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) 30 days expire after you acquire or begin to construct the property; or
  - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

## **B. Limits Of Insurance**

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

## **C. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

### **1. Appraisal**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

### **2. Duties In The Event Of Loss**

- a. You must see that the following are done in the event of loss:
  - (1) Notify the police if a law may have been broken.
  - (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
- Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- 3. Loss Determination**
- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
  - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
- (a) Your financial records and accounting procedures;
  - (b) Bills, invoices and other vouchers; and
  - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
    - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
    - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
  - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
- c. **Resumption Of Operations**
- We will reduce the amount of your:
- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
  - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
  - d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

#### 4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

#### D. Additional Condition

##### COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
  - a. The Net Income (Net Profit or Loss before income taxes), and
  - b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1):** Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2):** Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3):** Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight - outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion - not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

##### Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$ 150,000

The amount of loss is \$ 80,000

**Step (1):**  $\$400,000 \times 50\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

**Step (2):**  $\$150,000 \div \$200,000 = .75$

**Step (3):**  $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

**Example 2 (Adequate Insurance)**

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000  
 The Coinsurance percentage is 50%  
 The Limit of Insurance is \$ 200,000  
 The amount of loss is \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$400,000 \times 50\%$ ). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

**E. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

**1. Maximum Period Of Indemnity**

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
  - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
  - (2) The Limit Of Insurance shown in the Declarations.

**2. Monthly Limit Of Indemnity**

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is: is:
  - (1) The Limit Of Insurance, multiplied by
  - (2) The fraction shown in the Declarations for this Optional Coverage.

**Example:**

When: The Limit of Insurance is \$ 120,000  
 The fraction shown in the Declarations for this Optional Coverage is 1/4  
 The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000  
 $(\$120,000 \times 1/4 = \$30,000)$

If, in this example, the actual amount of loss is:

Days 1-30	\$ 40,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$ 90,000

We will pay:

Days 1-30	\$ 30,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$ 80,000

The remaining \$10,000 is not covered.

**3. Business Income Agreed Value**

- a. To activate this Optional Coverage:
  - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
    - (a) During the 12 months prior to the date of the Work Sheet; and
    - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
  - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
    - (a) The Coinsurance percentage shown in the Declarations; multiplied by
    - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
  - (1) 12 months after the effective date of this Optional Coverage; or

- (2) The expiration date of this policy;  
whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
  - (1) Within 12 months of the effective date of this Optional Coverage; or
  - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
  - (1) The Business Income Limit Of Insurance; divided by
  - (2) The Agreed Value.

**Example:**

When: The Limit of Insurance is \$ 100,000  
 The Agreed Value is \$ 200,000  
 The amount of loss is \$ 80,000

Step (1):  $\$100,000 \div \$200,000 = .50$   
 Step (2):  $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

**4. Extended Period Of Indemnity**

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

**F. Definitions**

1. "Finished stock" means stock you have manufactured.  
 "Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.  
 "Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.
2. "Operations" means:
  - a. Your business activities occurring at the described premises; and
  - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

3. "Period of restoration" means the period of time that:

- a. Begins:
  - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
  - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends on the earlier of:
  - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
  - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

- b. Continuing normal operating expenses incurred in connection with that premises, including:
  - (1) Payroll; and
  - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
- 6. "Suspension" means:
  - a. The slowdown or cessation of your business activities; or
  - b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

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## COMMERCIAL PROPERTY

**COMMERCIAL PROPERTY CONDITIONS**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

**A. CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

**B. CONTROL OF PROPERTY**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

**C. INSURANCE UNDER TWO OR MORE COVERAGES**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

**D. LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

**E. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

**F. NO BENEFIT TO BAILEE**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**G. OTHER INSURANCE**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**H. POLICY PERIOD, COVERAGE TERRITORY**

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.

2. The coverage territory is:

- a. The United States of America (including its territories and possessions);
- b. Puerto Rico; and
- c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to se-

cure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- 1. Prior to a loss to your Covered Property or Covered Income.
- 2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY**

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.  
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".
- D. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
  1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  2. Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## INDIANA CHANGES - RIGHTS OF RECOVERY

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY**

- A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.
- B. Unless section C or section D of this endorsement applies, the TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition is replaced by the following:

**TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or

- c. Your tenant.

This will not restrict your insurance.

- C. The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition in the Legal Liability Coverage Form is replaced by the following:

**TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. Our right to recover damages may be enforced even if you have not been fully compensated for damages.

You must do nothing after loss to impair our rights to recover all or part of any payment we have made under this Coverage Form. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

- D. The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition in the Mortgageholders Errors and Omissions Coverage Form is replaced by the following:

**TRANSFER OF RIGHTS TO RECOVERY  
AGAINST OTHERS TO US**

1. Under Coverage A and B, if any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us to the extent of our payment. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you; or
  - (3) Your tenant.

This will not restrict your insurance.

2. Under Coverages C and D, if you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. Our right to recover damages may be enforced even if you have not been fully compensated for damages.

You must do nothing after loss to impair our rights to recover all or part of any payment we have made under this Coverage Form. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

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## CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G. Definitions**.

### A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

### B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
  - (1) Electrical or electronic wire, device, appliance, system or network; or

- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching.

- But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.
- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
  - g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
    - (1) You do your best to maintain heat in the building or structure; or
    - (2) You drain the equipment and shut off the supply if the heat is not maintained.
  - h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
  - (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b) To collapse caused by one or more of the following:
  - (i) The "specified causes of loss";
  - (ii) Breakage of building glass;

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- (iii) Weight of rain that collects on a roof; or
  - (iv) Weight of people or personal property.
- I. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".
- This exclusion, I., does not apply to damage to glass caused by chemicals applied to the glass.
- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or

- (4) Maintenance; of part or all of any property on or off the described premises.

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

- a. **Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form**

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

- (3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

**b. Leasehold Interest Coverage Form**

(1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

**c. Legal Liability Coverage Form**

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph **B.1.a.** Ordinance Or Law;
- (b) Paragraph **B.1.c.** Governmental Action;
- (c) Paragraph **B.1.d.** Nuclear Hazard;
- (d) Paragraph **B.1.e.** Utility Services; and
- (e) Paragraph **B.1.f.** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

**(a) Contractual Liability**

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

**(b) Nuclear Hazard**

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**5. Additional Exclusion**

The following provisions apply only to the specified property:

**Loss Or Damage To Products**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**C. Limitations**

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

**1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.**

**a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.**

- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
- (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
  - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
- However, this limitation does not apply to:
- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
- (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
  - (2) Changes in or extremes of temperature;
  - (3) Disease;
- (4) Frost or hail; or
- (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Animals, and then only if they are killed or their destruction is made necessary.
  - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass; or
    - (2) Containers of property held for sale.
  - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
- However, this limitation does not apply:
- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
  - (2) To Business Income Coverage or to Extra Expense Coverage.
3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
  - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
  - c. \$2,500 for patterns, dies, molds and forms.
  - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
  - a. Results in discharge of any substance from an automatic fire protection system; or
  - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### **D. Additional Coverage - Collapse**

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
  - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
  - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
  - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage - Collapse** does **not** apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

- (2) The property is Covered Property under this Coverage Form.
5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
  - The personal property which collapses is inside a building; and
  - The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.
- The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.
6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in D.1. through D.7.

#### **E. Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

- The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:
  - A "specified cause of loss" other than fire or lightning; or
  - Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

- We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.
- The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, **6.a. or 6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
  - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## F. Additional Coverage Extensions

### 1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Co-insurance, does not apply to this Extension.

### 2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

**3. Glass**

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension F.3. does not increase the Limit of Insurance.

**G. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

**c. Water damage means:**

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

**COMMERCIAL PROPERTY  
CP 88 00 02 15.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

### **PROPERTY EXTENSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - BROAD FORM  
CAUSES OF LOSS - SPECIAL FORM.

The following is a summary of increased limits of insurance and additional coverages provided by this endorsement. This endorsement is subject to the provisions of your policy which means that it is subject to all limitations and conditions applicable to this Coverage Part, Coverage Form and Causes Of Loss - Broad Form and Causes of Loss - Special Form unless specifically deleted, replaced, or modified herein. Except as otherwise stated herein, this endorsement is applicable only to those locations described in the Declarations.

**Coverage for Extra Expense, whether provided by this endorsement or elsewhere, does not apply if a loss is covered only as a result of this endorsement.**

**If loss or damage is covered elsewhere in this policy and under this endorsement, the amount payable under this endorsement will apply excess over that payable elsewhere in this policy unless otherwise stated. We will not pay more than the actual amount of the covered loss or damage.**

<b><u>Coverage Description</u></b>	<b><u>Limit Of Insurance</u></b>
Special Deductible Provision	Included
Broadened Premises	Included
Additional Covered Property	Included
Real Property Of Others Required By Contract	\$ 20,000 in any one occurrence
Fire Department Service Charge	\$ 2,500 for service in any one occurrence
Electronic Data	\$ 5,000 in any one policy year
Arson Or Theft Reward	\$ 10,000 in any one occurrence, regardless of the number of persons providing information
Newly Acquired Or Constructed Property	180 days
Buildings	\$ 500,000 at any one location
Business Personal Property	\$ 250,000 at any one location
Personal Effects And Property Of Others	\$ 10,000 in any one occurrence
Valuable Papers And Records (Other Than Electronic Data)	\$ 10,000 in any one occurrence
Outdoor Property	\$ 5,000 in any one occurrence
Accounts Receivable	\$ 10,000 in any one occurrence
Fine Arts	\$ 10,000 in any one occurrence
Fire Protective Equipment	\$ 10,000 in each separate 12-month policy period
Loss Of Refrigeration	\$ 10,000 in any one occurrence
Computer Equipment (Including Laptop/Portable Computers)	\$ 15,000 in any one occurrence
Lock Replacement	\$ 1,000 in any one occurrence
Money And Securities	
Inside the Premises	\$ 2,500 in any one "occurrence"
Outside the Premises	\$ 2,500 in any one "occurrence"
Utility Services Interruption - Direct Damage	\$ 5,000 in any one occurrence
Extra Expense	\$ 10,000 in any one occurrence
Utility Services Interruption - Business Income	\$ 2,500 in any one occurrence
Loss Adjustment Expenses	\$ 2,500 in any one occurrence

<u>Coverage Description</u>	<u>Limit Of Insurance</u>
Appurtenant Structures	
Buildings	\$ 50,000 in any one occurrence
Business Personal Property	\$ 5,000 in any one occurrence
Salespersons Samples	\$ 1,000 for each salesperson, in any one occurrence
Signs (Outdoor)	\$ 5,000 per sign in any one occurrence
Special Valuation Provision	\$ 5,000
Property In Transit	\$ 10,000 in any one occurrence
Back-up Of Sewers Or Drains	\$ 10,000 in any one occurrence

- A. The following is added to Section **D. Deductible**, of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT- OWNERS COVERAGE FORM:

#### Special Deductible Provision

From any loss or damage covered under this endorsement, we will deduct the amount of the Deductible shown in the Declarations that applies to the peril of fire unless otherwise stated in this endorsement. In the event there is more than one different deductible on the policy applying to fire, the smallest such deductible will apply. The deductible shall apply separately to each occurrence.

- B. The following changes apply to Section **A. Coverage** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM, and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM unless otherwise noted:

#### 1. Broadened Premises

References to **100 feet** in Paragraph **A.1.a.(5)(b), Building**; Paragraph **A.1.b., Your Business Personal Property**; Paragraph **A.1.c.(2), Personal Property Of Others**; and Paragraph **A.5., Coverage Extensions** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM and Paragraph **A.1.a., Your Business Personal Property**; Paragraph **A.1.b. Personal Property Of Others**; and Paragraph **A.5., Coverage Extensions** of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM are deleted and replaced by **1,000 feet**.

#### 2. Additional Covered Property

The following are added to item **a. Building** of Paragraph **A.1. Covered Property** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM:

- (6) Bridges not exceeding 30 feet in length, roadways, walks, patios or other paved surfaces;
- (7) Retaining walls (except retaining walls two feet or higher used to contain water or protect against wave action or storm surges) that are not part of a building.

The following are added to item **a. Building** of Paragraph **A.1. Covered Property** of the CONDOMINIUM ASSOCIATION COVERAGE FORM:

- (7) Bridges not exceeding 30 feet in length, roadways, walks, patios or other paved surfaces;
- (8) Retaining walls (except retaining walls two feet or higher used to contain water or protect against wave action or storm surges) that are not part of a building.

Additional Condition **F.1. Coinsurance** does not apply to bridges which qualify as Additional Covered Property under this endorsement.

Item **d.** of Paragraph **A.2. Property Not Covered** is deleted and replaced by the following:

- d.** Bridges exceeding 30 feet in length.

Item **I.** of Paragraph **A.2. Property Not Covered** is deleted and replaced by the following:

- I.** Retaining walls two feet or higher used to contain water or protect against wave action or storm surges.

#### 3. Real Property Of Others Required By Contract

The following is added to item **b. Your Business Personal Property** of Paragraph **A.1. Covered Property** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and item **a. Your Business Personal Property** of Paragraph **A.1. Covered Property** of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM:

(8) Real Property including but not limited to building, doors and windows you are responsible for due to contract or lease agreement.

The following is added to item **b. Your Business Personal Property** of Paragraph **A.1. Covered Property** of the CONDOMINIUM ASSOCIATION COVERAGE FORM:

(4) Real Property including but not limited to building, doors and windows you are responsible for due to contract or lease agreement.

The most we will pay for loss or damage to covered property in any one occurrence is \$20,000.

**4. Fire Department Service Charge**

The limit of insurance in item **c. Fire Department Service Charge** of Paragraph **A.4. Additional Coverages** is amended from \$1,000 for service at each described premises to \$2,500 for service in any one occurrence. This extension does not apply if a higher limit is shown in the HIGHER LIMITS endorsement or the Declarations.

**5. Electronic Data**

The limit of insurance in item **f.(4) Electronic Data** of Paragraph **A.4. Additional Coverages** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM and item **e.(4) Electronic Data** of Paragraph **A.4. Additional Coverages** of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM is increased from \$2,500 to \$5,000 in any one policy year. This extension does not apply if a higher limit is shown in the HIGHER LIMITS endorsement or the Declarations.

**6. Item g. is added to Paragraph A.4 Additional Coverages of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM, and item f. is added to Paragraph A.4 Additional Coverages of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM:**

**Arson Or Theft Reward**

We will pay on behalf of the insured up to \$10,000 in any one occurrence for information which leads to an arson conviction or theft conviction in connection with a fire loss or theft loss covered under the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM or CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM. Regardless of the number of persons involved in providing information, our liability under this Additional Coverage will not be increased.

No deductible applies to this coverage.

**7. Newly Acquired Or Constructed Property**

The limit of insurance in item **a.(1) Newly Acquired Or Constructed Property - Buildings** of Paragraph **A.5. Coverage Extensions** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM is amended from \$250,000 at each building to \$500,000 at any one location.

The limit of insurance in item **a.(2) Newly Acquired Or Constructed Property** of Paragraph **A.5. Coverage Extensions** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM, and item **a.(1) Newly Acquired Property** of Paragraph **A.5. Coverage Extensions** of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM is amended from \$100,000 at each building to \$250,000 at any one location.

The number of days in item **a.(3)(b) Newly Acquired Or Constructed Property - Period Of Coverage** of Paragraph **A.5. Coverage Extensions** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM, and item **a.(3)(b) Newly Acquired Property** of Paragraph **A.5 Coverage Extensions** of the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM is increased from 30 to 180 days.

**8. Personal Effects And Property Of Others**

The last paragraph of item **b. Personal Effects And Property Of Others** of Paragraph **A.5. Coverage Extensions** is deleted and replaced by the following:

The most we will pay for loss or damage under this Extension is \$10,000 in any one occurrence described in the Declarations. Our payment for loss of or damage to personal property of others (including property of others held by you on consignment) will only be for the account of the owner of the property.

**9. Valuable Papers And Records (Other Than Electronic Data)**

The limit of insurance in item c.(4) **Valuable Papers And Records (Other Than Electronic Data)** of Paragraph **A.5. Coverage Extensions** is amended from \$2,500 at each described premises to \$10,000 in any one occurrence. This extension does not apply if a higher limit is shown in the HIGHER LIMITS endorsement or the Declarations.

**10. Outdoor Property**

Item e. **Outdoor Property** of Paragraph **A.5. Coverage Extensions** is deleted and replaced by the following:

You may extend the insurance provided by the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM to apply to your outdoor fences, lighting, lighting standards, radio and television antennas, satellite dishes, playground equipment, scoreboards, trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are a part of a vegetated roof), including debris removal expense, caused by or resulting from any of the Covered Causes of Loss.

The most we will pay for loss or damage under this Extension is \$5,000, but not more than \$500 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or numbers of items lost or damaged in that occurrence.

**11. The following are added to Paragraph A.5. Coverage Extensions:**

**h. Accounts Receivable**

We will pay:

- (1) All amounts due from your customers that you are unable to collect;
- (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (3) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from a Covered Cause of Loss to your records of accounts receivable..

The most we will pay for loss in any one occurrence under this Extension is \$10,000.

No deductible applies to this Coverage Extension.

**i. Fine Arts**

You may extend the insurance that applies to Your Business Personal Property to apply to your fine arts and fine arts owned by others that are in your care, custody or control.

This Extension does not apply to loss or damage caused by or resulting from:

- (1) Any repairing, restoration or retouching process;
- (2) Insects, birds, rodents or other animals;
- (3) Wear and tear;
- (4) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
- (5) Breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles. But we will pay for loss or damage caused directly by fire, lightning, aircraft, theft or attempted theft, cyclone, tornado, windstorm, explosion, vandalism, or by accident to the vehicle carrying the property.

The most we will pay for loss or damage in any one occurrence under this Extension is \$10,000. This Extension also applies to fine arts while in transit or located away from locations described in the Declarations.

**j. Fire Protective Equipment**

You may extend the insurance provided by the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM to your costs to:

- (1) Recharge or refill fire protective equipment; and
- (2) Clean up and remove the fire extinguishing agent, resulting from the discharge of a fire extinguishing agent from fire protective equipment.

The discharge must:

- (1) Be caused by a Covered Cause of Loss;
- (2) Result from the intended operation of the fire protective equipment to prevent or control a Covered Cause of Loss;
- (3) Be accidental; or
- (4) Result from a malfunction of the fire protective equipment.

We will not pay for damage:

- (1) If you fail to use reasonable care to maintain the fire protective equipment in proper operating condition; or
- (2) Caused by discharge at the time of servicing, refilling or testing of the fire protective equipment.

The most we will pay under this Extension is \$10,000 for each separate 12-month period of this policy.

**k. Loss Of Refrigeration**

You may extend the insurance provided by the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM to apply to direct physical loss of or damage to property owned by you and used in your business or owned by others and in your care, custody or control, contained in any refrigeration or cooling apparatus or equipment resulting from:

- (1) The fluctuation or total interruption of electrical power, either at or away from the described locations, due to conditions beyond your control; or
- (2) Mechanical failure of any refrigeration or cooling apparatus or equipment (at described locations).

The most we will pay for loss or damage in any one occurrence under this Extension is \$10,000.

**I. Computer Equipment**

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to "computer equipment" owned by you or similar property of others in your care, custody or control for which you are legally liable, caused by a Covered Cause of Loss.

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to "laptop/portable computers" owned by you and in your care, custody and control or in the care, custody or control of your employee.

**(1) Property Not Covered**

We will not cover the following kinds of property under this Extension:

- (a) Property which you rent or lease to others;
- (b) Software or other electronic data;
- (c) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, program documentation or other documents;
- (d) "Computer equipment" held for sale by you;
- (e) "Computer equipment" of others on which you are performing repairs or work;

- (f) "Computer equipment" that is part of any:
- (i) Production or processing equipment (such as CAD, CAM or CNC machines);
  - (ii) Equipment used to maintain or service your building (such as heating, ventilating, cooling or alarm systems); or
  - (iii) Communication equipment (such as telephone systems);
- (g) Property that is covered under another coverage form of this or any other policy in which such property is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance.

**(2) Property In Transit**

We will pay for your "computer equipment", or "laptop/portable computer" while in transit.

**(3) Loss Payment** will be determined as follows:

"Computer equipment" or "laptop/portable computers"

We will pay the lesser of the following amounts:

- (i) The cost of reasonably restoring that property to its condition immediately before the loss or damage; or
- (ii) The cost of replacing that property with identical property of comparable material and quality and used for the same purpose.

However, when repair or replacement with identical property is not possible, we will pay the cost to replace that property with similar property capable of performing the same functions. If not repaired or replaced, the property will be valued at its actual cash value.

"Computer equipment" means a network of electronic machine components capable of accepting information, processing it according to instructions and producing the results in a desired form.

"Laptop/portable computers" means "computer equipment" and accessories that are designed to function with it that can easily be carried and is designed to be used at more than one location.

The most we will pay under this Extension for loss or damage to "computer equipment" including "laptop/portable computers" in any one occurrence is \$15,000. This Extension also applies to "laptop/portable computers" which are away from the described locations.

**m. Lock Replacement**

You may extend the insurance provided by the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM to apply to replacement of locks necessitated by theft of Covered Property or theft of keys from the locations described in the Declarations.

The most we will pay for loss under this Coverage Extension is \$1,000 in any one occurrence.

**n. Money And Securities**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - (a) Theft, meaning any act of stealing;
  - (b) Disappearance; or
  - (c) Destruction.
- (2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
  - (a) Resulting from accounting or arithmetical errors or omissions;

- (b) Due to the giving or surrendering of property in any exchange or purchase; or
  - (c) Of property contained in any money-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- (3) The most we will pay for loss in any one "occurrence" is:
- (a) \$2,500 for Inside the Premises for "money" and "securities" while:
    - (i) In or on the described premises; or
    - (ii) Within a bank or savings institution; and
  - (b) \$2,500 for Outside the Premises for "money" and "securities" while anywhere else.
- (4) As respects this Additional Coverage, all loss:
- (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts;  
is considered one "occurrence".
- (5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- (6) "Money" means:
- (a) Currency, coins and bank notes in current use and having a face value; and
  - (b) Travelers checks, register checks and money orders held for sale to the public.
- (7) "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- (a) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - (b) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;  
but does not include "money".
- (8) "Occurrence" means an:
- (a) Act or series of related acts involving one or more persons; or
  - (b) Act or event, or a series of related acts or events not involving any person.

**o. Utility Services Interruption - Direct Damage**

You may extend the insurance provided by the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM to apply to loss of or damage to Covered Property caused by an interruption in utility service to the described location. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

- (1) **Water Supply Property**, meaning the following types of property supplying water to the described location:
  - (a) Pumping stations; and
  - (b) Water mains.
- (2) **Communication Supply Property**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described location, such as:
  - (a) Communication transmission lines, including optic fiber transmission lines;
  - (b) Coaxial cables; and
  - (c) Microwave radio relays except satellites.

Coverage does not include above ground communication transmission lines.

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 As used in this Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

(3) **Power Supply Property**, meaning the following types of property supplying electricity, steam or gas to the described location:

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Substations;
- (d) Transformers; and
- (e) Transmission lines.

Coverage does not include above ground transmission lines.

This Extension does not apply to loss of or damage to property owned by you and used in your business or owned by others and in your care, custody or control, contained in any refrigeration or cooling apparatus or equipment, resulting from:

- (a) The fluctuation or total interruption of electrical power, either at or away from the described location, due to conditions beyond your control; or
- (b) Mechanical failure of any refrigeration or cooling apparatus or equipment.

The most we will pay in any one occurrence under this Extension is \$5,000.

**p. Extra Expense**

Unless amended by endorsement elsewhere in this policy, "Period of Restoration" means the period of time as defined in this Coverage Extension.

We will pay the actual and necessary Extra Expense you incur due to direct physical loss of or damage to the property at the locations described in the Declarations, including Business Personal Property in the open or in a vehicle, within 1,000 feet of such locations, caused by or resulting from a Covered Cause of Loss.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your location means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 1,000 feet of the building, or within 1,000 feet of the location described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described location, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss. Coverage pertains to expenses which are incurred to:

- (a) Avoid or minimize the "suspension" of business and to continue "operations":
  - 1. At the described locations; or
  - 2. At replacement locations or at temporary locations, including:
    - (a) Relocation expenses; or
    - (b) Costs to equip and operate the replacement or temporary locations;
- (b) Minimize the "suspension" of business if you cannot continue "operations";
- (c) Repair or replace any property; or
- (d) Research, replace or restore the lost information on damaged valuable papers and records;

but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Extension.

The following definitions are added as respects to this Coverage Extension:

1. "Operations" means the type of your business activities occurring at the described locations.
2. "Period of Restoration" means the period of time that:
  - (a) Begins immediately after the time of direct physical loss or damage;
  - (b) Ends on the earlier of:
    - (i) The date when the property at the described locations should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (ii) The date when business is resumed at a new permanent location.

"Period of Restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration."

3. "Suspension" means:

- (a) The slowdown or cessation of your business activities; or
- (b) That a part of all of the described location is rendered untenantable.

The most we will pay in any one occurrence under this Extension is \$10,000.

**q. Utility Services Interruption - Business Income**

We will pay up to \$2,500 in any one occurrence for the actual loss of Business Income you sustain at the described location due to the necessary "suspension" of your "operations" during the "period of restoration" caused by an interruption in utility service to the described location. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following types of property:

- (1) **Water Supply Property**, meaning the following types of property supplying water to the described location:
  - (a) Pumping stations; and
  - (b) Water mains.
- (2) **Wastewater Removal Property**, meaning a utility system for removing wastewater and sewage from the described location, other than a system designed for draining storm water, including:
  - (a) Sewer mains; and
  - (b) Pumping stations and similar equipment for moving effluent to a holding, treatment or disposal facility and includes such facilities.

Coverage under this Coverage Extension does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

- (3) **Communication Supply Property**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described location, such as:
  - (a) Communication transmission lines, including optic fiber transmission lines;
  - (b) Coaxial cables; and
  - (c) Microwave radio relays except satellites.

Coverage does not include above ground communication transmission lines.

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- (4) **Power Supply Property**, meaning the following types of property supplying electricity, steam or gas to the described location:
- (a) Utility generating plants;
  - (b) Switching stations;
  - (c) Substations;
  - (d) Transformers; and
  - (e) Transmission lines.

Coverage does not include above ground transmission lines.

As used in this Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

Coverage under this Extension does not apply to Business Income loss related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning described in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM under Property Not Covered - Electronic Data.

- (5) **Business Income** means the:

- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred, including "Rental Value"; and
- (b) Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

- (6) "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the location described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described location which is occupied by you; and
- b. Continuing normal operating expenses incurred in connection with that location, including:
  - (1) Payroll; and
  - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

Refer to the Extra Expense Coverage Extension for the following definitions:

- (1) "Operations"
  - (2) "Period of Restoration"
  - (3) "Suspension"
- r. **Loss Adjustment Expenses**

You may extend the insurance provided by the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM to apply to your expenses for preparation of loss data, including inventories and appraisals, in connection with any claim covered under this policy. We will not pay for expenses incurred in using the services of a public adjuster or an attorney.

The most we will pay in any one occurrence under this Extension is \$2,500.

**s. Salespersons Samples**

You may extend the insurance that applies to Your Business Personal Property to apply to Salespersons' Samples of your stock in trade, including their containers, while they are in the care, custody or control of your sales representative(s), agent(s) or yourself while acting as a sales representative.

The most we will pay for loss to Salespersons Samples in any one occurrence is \$1,000 for property in the custody of any one salesperson.

**t. Appurtenant Structures**

If not otherwise covered by this policy, you may extend the insurance that applies to Building to apply to your storage buildings, your garages and your other appurtenant structures, except outdoor fixtures, at the locations described in the Declarations. The most we will pay in any one occurrence for such loss or damage under this Extension in \$50,000.

If not otherwise covered by this policy, you may extend the insurance that applies to Business Personal Property to apply to such property in your storage buildings, your garages and your other appurtenant structures at the locations described in the Declarations. The most we will pay in any one occurrence for such loss or damage under this Extension is \$5,000.

- C.** The second paragraph of Section **C. Limits Of Insurance** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM is deleted and replaced by the following:

**Signs (Outdoor)**

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$5,000 per sign in any one occurrence.

- D.** The following change is applicable to Paragraph **7.b. Valuation** in Section **E. Loss Conditions** of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and Paragraph **8.b. Valuation** to Section **E. Loss Conditions** of the CONDOMINIUM ASSOCIATION COVERAGE FORM:

**Special Valuation Provision**

The limit of insurance is increased from \$2,500 to \$5,000.

**E. Property In Transit**

With respect to the Property In Transit Additional Coverage Extension of the CAUSES OF LOSS - SPECIAL FORM:

Paragraphs **a.** and **c.** are replaced by:

- a.** You may extend the insurance provided by this Coverage Part to apply to your personal property (other than fine arts or property in the care, custody or control of your salespersons) in transit more than 1,000 feet from the described locations. Property must be in or on a motor vehicle while between points in the coverage territory.
- c.** The most we will pay for loss or damage under this Extension is \$10,000 in any one occurrence.

**F. Back-up Of Sewers Or Drains**

Paragraph **B.1.g.(3) WATER** of the CAUSES OF LOSS - SPECIAL FORM is deleted and replaced by the following:

- (3)** Except as provided under the Back-up Of Sewers Or Drains Additional Coverage Extension, water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

The following is added to Section **F. Additional Coverage Extensions** of the CAUSES OF LOSS - SPECIAL FORM:

**4. Back-up Of Sewers Or Drains**

We cover direct physical loss or damage caused by water:

- a. Which backs up into a building or structure through sewers or drains which are directly connected to a sanitary sewer or septic system; or
- b. Which enters into and overflows from within a sump pump, sump pump well or other type of system designed to remove subsurface water which is drained from the foundation area.

This coverage does not apply if the loss or damage is caused by your negligence.

We will not pay for water or other materials that back up, overflow, or are discharged from a sewer, drain, sump, sump pump or related equipment when it is caused by any flood, whether the flood is caused by an act of nature or is otherwise caused.

The most we will pay for loss or damage in any one occurrence under this Coverage Extension is \$10,000.

**All other terms and conditions remain unchanged.**

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**COMMERCIAL PROPERTY  
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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**REMOVAL PERMIT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

If Covered Property is removed to a new location that is added by endorsement to the policy subsequent to its original issue, you may extend this insurance to include that Covered Property at each location during the removal. Coverage at each location will apply in the proportion that the value at each location bears to the value of all Covered Property being removed. This permit applies up to 10 days after the effective date of the endorsement adding the new location; after that, this insurance does not apply at the previous location.

COMMERCIAL PROPERTY  
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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT**

This endorsement modifies the insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS - BASIC FORM  
CAUSES OF LOSS - BROAD FORM  
CAUSES OF LOSS - SPECIAL FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM  
COMMON POLICY CONDITIONS

- A. The following is added as an Additional Coverage to the CAUSES OF LOSS - BASIC FORM, CAUSES OF LOSS - BROAD FORM, and CAUSES OF LOSS - SPECIAL FORM:

**Additional Coverage - Equipment Breakdown**

1. We will pay for direct physical damage to Covered Property that is caused by an "accident" to "covered equipment".
2. The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations unless otherwise shown in the Equipment Breakdown Coverage Schedule. Coverage provided under this endorsement does not increase and is not in addition to any other Limit of Insurance.
3. The following coverages also apply to covered losses caused by an "accident". These coverages do not provide additional limits of insurance.
  - a. **Expediting Expenses**  
With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
    - (1) Make temporary repairs; and
    - (2) Expedite permanent repairs or replacement.Reasonable extra cost shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.  
The most we will pay for under this coverage is \$100,000 unless otherwise provided in this policy.

**b. Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expense to clean up or dispose of such property.

This does not include contamination of "perishable goods" by a refrigerant, including ammonia, which is addressed in 3.d. below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

The most we will pay for under this coverage, including any actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$100,000 unless otherwise provided in this policy.

**c. Spoilage**

- (1) We will pay for physical damage to "perishable goods" due to spoilage. The spoilage damage must be due to the lack of or excess of power, light, heat, steam or refrigeration caused by an "accident" to "covered equipment".
- (2) You must own the "perishable goods" or they must be in your care, custody or control and you must be legally liable for them.
- (3) We will also pay any necessary expense you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (4) If you are unable to replace the "perishable goods" before their anticipated sale date, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident" less discounts and expense you otherwise would have had. Otherwise, our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$100,000 unless otherwise provided in this policy.

**d. Refrigerant Contamination**

We will pay for physical damage to Covered Property due to contamination from the release of a refrigerant, including any related salvage expense.

The most we will pay for loss or damage under this coverage is \$100,000 unless otherwise provided in this policy.

**e. Data Restoration**

We will pay for your reasonable and necessary cost to research, replace and restore lost "data". The most we will pay for loss or expense under this coverage, including any actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$100,000 unless otherwise provided in this policy.

**f. Utility Services**

- (1) Insurance provided for Business Income, Extra Expense and Spoilage is extended to apply to your loss, damage or expense caused by an "accident" to equipment that is owned, managed, or controlled by your landlord or landlord's utility, or utility or other supplier with whom you have a contract, that directly supplies you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
- (2) Unless otherwise provided in this policy, Utility Services coverage will not apply unless the loss of or disruption of service exceeds 24 hours immediately following the "accident".
- (3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, respectively.

**g. Business Income and Extra Expense**

Any insurance provided under this Policy for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a separate Equipment Breakdown deductible is shown in the Policy, then as respects Equipment Breakdown coverage, the "period of restoration" will begin immediately after the "accident", and the separate Equipment Breakdown deductible shown in the Policy will apply. The most we will pay for loss of Business Income you sustain, and necessary Extra Expense you incur is the limit that applies to Business Income or Extra Expense unless otherwise provided in this policy.

#### 4. Exclusions

For the purposes of this endorsement, all exclusions in the CAUSES OF LOSS - BASIC FORM, CAUSES OF LOSS - BROAD FORM, and CAUSES OF LOSS - SPECIAL FORM apply except as modified below.

- a. The exclusions are modified as follows:

- (1) The following is added to Paragraph **B.1.g Water:**

However, if electrical "covered equipment" requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expense of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

- (2) If CAUSES OF LOSS - BASIC FORM or CAUSES OF LOSS - BROAD FORM applies, the following is added to **Exclusions B.2:**

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if an "accident" results, we will pay for the resulting loss, damage or expense.

- (3) If CAUSES OF LOSS - SPECIAL FORM applies, the last paragraph of **B.2.d. Exclusions** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in **B.2.d. (1)** through **(7)** results in an "accident", we will pay for the loss, damage or expense caused by that "accident".

- b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:

- (1) Your failure to use all reasonable means to protect Covered Property from damage following an "accident".

- (2) Any defect, programming error, programming limitation, computer virus, malicious code, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or

- (3) Any of the following tests:

- (a) Hydrostatic, pneumatic, or gas pressure test of any boiler or pressure vessel; or
    - (b) Electrical insulation breakdown test of any type on electrical equipment.

- c. With respect to Utility Services coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in paragraph **5.a.(3)** of this endorsement); smoke; aircraft; or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.

- d. With respect to Business Income, Extra Expense and Utility Services coverages, we will also not pay for:

- (1) Loss caused by your failure to use due diligence and all reasonable means to resume business; or

- (2) Any increase in loss resulting from an agreement between you and your customer or supplier.

- e. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident":

Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is "perishable goods", to the extent that spoilage is covered under Spoilage coverage.

- f. We will not pay under this endorsement for any loss or damage to animals.

## 5. Definitions

The following are added to **H. Definitions**

- a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment" that requires repair or replacement. The event must be one of the following:
  - (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - (2) Artificially generated electrical current, including electric arcing, that damages electrical devices, appliances or wires;
  - (3) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;An "accident" does not include the functioning of any safety or protective device, or any other condition, which can be corrected by resetting, tightening, adjusting, cleaning, or the performance of maintenance.
- b. "Covered equipment"
  - (1) means, unless otherwise provided in this policy, Covered Property:
    - (a) That generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
    - (b) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
  - (2) None of the following is "covered equipment":
    - (a) Structure, foundation, cabinet, compartment or air supported structure or building;
    - (b) Insulating or refractory material;
    - (c) Sewer piping, underground vessels or piping, or piping forming part of a sprinkler system;
    - (d) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
    - (e) "Vehicle" or any equipment mounted on a "vehicle";
    - (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
    - (g) Dragline, excavation or construction equipment; or
    - (h) Equipment manufactured by you for sale.
- c. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- d. "Hazardous substance" means any substance that has been declared to be hazardous to health by any governmental agency.
- e. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- f. "One accident" means if an initial "accident" causes other "accidents", all will be considered "one accident". All "accidents" at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered one "accident".
- g. "Perishable goods" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.
- h. For the purposes of this endorsement, "vehicle" means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes a car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, or harvester.  
However, any property that is permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle".

- B.** The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM are modified as follows:

The definitions stated above in Paragraph **A.5.** also apply to section **B.** of this endorsement.

**1. Deductible**

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in the Policy. If a separate Equipment Breakdown deductible is shown, the following applies.

Regarding Equipment Breakdown Coverage only, section **D. Deductible** is deleted and replaced with the following:

**a. Deductible for Each Coverage**

- (1) Unless the Declarations or Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident".
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Policy. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident", only the highest deductible for each coverage will apply.

**b. Application of Deductibles**

**(1) Dollar Deductibles**

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage, or expense exceeds the applicable Deductible shown in the Policy. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

**(2) Time Deductible**

If a time deductible is shown in the Policy, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

**(3) Multiple of Average Daily Value (ADV)**

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income Coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration".

The number indicated in the Policy will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

**(4) Percentage of Loss Deductibles**

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

**2. Conditions**

The following conditions are added to the **Conditions** in the COMMON POLICY CONDITIONS and to section **F. Additional Conditions** in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM, CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM:

**a. Suspension**

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend coverage under this endorsement for that "covered equipment". This can be done by mailing or delivering a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "covered equipment" is located.

Once suspended, your insurance can only be reinstated by an endorsement for that "covered equipment". If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective on the date in which our notice is mailed or delivered to you, even if we have not yet made or offered a refund.

**b. Jurisdictional Inspections**

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

**c. Environmental, Safety and Efficiency Improvements**

If "covered equipment" requires replacement due to an "accident", we will pay your additional cost to replace it with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**BUSINESS INCOME AND EXTRA EXPENSE CHANGES -  
ACTUAL LOSS SUSTAINED IN A TWELVE-MONTH PERIOD**

This endorsement modifies insurance provided under the following:

**BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**

**A. The following changes apply to Section A. Coverage:**

**1. Broadened Premises**

- The **within 100 feet** of the described premises stated in:
- Section A.1. Business Income**; and
  - Paragraph A.5.b. Alterations and New Buildings**
- is deleted and replaced by **within 1,000 feet**.

**2. The following is added to paragraph A.5. Additional Coverages:**

**e. Business Income from Dependent Properties**

We will pay up to \$10,000 for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to a "dependent property" caused by or resulting from a Covered Cause of Loss.

"Dependent Property" as used in this Additional Coverage means property operated by others whom you depend on to:

- Deliver materials or services to you, or to others for your account (Contributing Locations). With respect to Contributing Locations, services does not mean water, fuel, communication or power supply services;
- Accept your products or services (Recipient Locations);
- Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- Attract customers to your business (Leader Locations).

**3. The following paragraph (3) is added to Additional Coverage 5.c., Extended Business Income:**

- The **Extended Business Income** Additional Coverage applies only to such loss that occurs within 12 consecutive months after the date of direct physical loss or damage, subject to all provisions and limitations of that Additional Coverage including the 30-day limitation (or 180-day limitation if your policy includes the PROPERTY EXTENSION OPTIMUM endorsement).

**B. The Limits of Insurance clause in the Coverage Form modified by this endorsement does not apply. However, specific dollar limitations on payment under any applicable Coverage Extension or Additional Coverage continue to apply.**

**C. For purposes of this endorsement only, Section D. Additional Condition - Coinsurance is deleted.**

**D. Paragraph b. of definition F.3. "Period of Restoration" is deleted and replaced by the following:**

**b. Ends on the earlier of:**

- The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality;
- The date when business is resumed at a new permanent location; or
- Twelve consecutive months after the "suspension" of your "operations."

All other terms and conditions remain unchanged.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **IDENTITY THEFT ADMINISTRATIVE SERVICES AND EXPENSE COVERAGE**

This endorsement modifies insurance provided under the following:

### **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**

The following is added to paragraph **A.4. Additional Coverages:**

#### **IDENTITY THEFT ADMINISTRATIVE SERVICES AND EXPENSE COVERAGE**

We will provide "Identity Theft Administrative Services" and will reimburse up to \$25,000 for "Identity Theft Expenses" incurred by an "identity theft insured" as a direct result of any one "identity theft" in the "coverage territory" if all of the following requirements are met:

1. The personal identity of an "identity theft insured" under this policy was the subject of an "identity theft"; and
2. Such "identity theft" is first discovered by the "identity theft insured" during the policy period for which this Identity Theft Expense Coverage is applicable; and
3. Such "identity theft" is reported to us as soon as practicable but in no event later than 60 days after it is first discovered by the "identity theft insured"; and
4. The "identity theft insured" reports the "identity theft" in writing to the appropriate law enforcement agency.

Any act or series of acts committed by one or more persons, or in which such person or persons are aiding or abetting others, against an "identity theft insured" is considered to be one "identity theft", even if a series of acts continues into a subsequent policy period.

#### **LIMITS**

Regardless of the number of claims or "Identity Theft Insureds", the most we will pay in the aggregate for all "identity theft expenses" resulting from "identity theft" discovered during the policy period is \$25,000.

1. The \$25,000 Identity Theft Expense Limit shall be reduced by the amount of any payment made by us under the terms of this insurance. If the Identity Theft Expense Limit of Insurance is exhausted, we will have no further liability to pay for loss which may be discovered during the remainder of the policy period.
2. Any recovery made by us after settlement of a loss covered by this insurance shall not be used to increase or reinstate the Limit of Insurance.
3. "Identity Theft Incident Administrative Services" is provided up to 12 consecutive months after service begins.
4. "Identity Theft Administrative Services" do not reduce the "Identity Theft" limit.

This "Identity Theft Administrative Service" and "Identity Theft Expense" Coverage is additional insurance.

#### **EXCLUSIONS**

The following exclusions are added to the applicable Cause of Loss Form shown on the Declarations.

We do not provide "Identity Theft Administrative Services" or cover "identity theft expenses":

1. Incurred as the result of "identity theft" due to any fraudulent, dishonest, or criminal act by you, your partners, employees, members, "executive officers", managers, directors, or trustees or by any authorized representative of yours, whether acting alone or in collusion with others.  
  
In the event of any such act, no "identity theft insured" is entitled to "identity theft expenses", even an "identity theft insured" who did not commit or conspire to commit the act causing the "identity theft".

2. Arising out of "identity theft" committed by or with knowledge of any relative or former relative of the "identity theft insured".
3. Arising out of an "identity theft" first discovered by the "identity theft insured" "prior to the policy period or after the policy period, even if the "identity theft" began or continued during the policy period.
4. Arising out of an "identity theft" that is not reported to us within 60 days after it is first discovered by the "identity theft insured".

#### **DEDUCTIBLE**

1. There is no deductible applicable to the "Identity Theft Administrative Services".
2. We will not pay for "identity theft expenses" resulting from an "identity theft" unless the amount exceeds \$250. We will then pay the amount of "identity theft expense" in excess of the Deductible Amount, up to the Limit of Insurance. Each "identity theft insured" shall be subject to only one deductible during any one policy period.

#### **CONDITIONS**

The following additional conditions are added for "Identity Theft Administrative Services" and Expense Coverage:

1. The coverage provided under this endorsement will be excess over any other insurance covering the same loss or damage, whether you can collect on it or not. But we will not pay any more than the Identity Theft Expense Limits of Insurance applicable to this coverage.
2. Reimbursement for "Identity Theft Expense" will be made to the "Identity Theft Insured."
3. "Identity Theft Administrative Services" will provide instructions on:
  - a. How to respond to a potential "Identity Theft";
  - b. How to submit a request for "Identity Theft Administrative Services"; and
  - c. Information needed for reimbursement of "Identity Theft Expenses".

We may provide "Identity Theft Administrative Services" prior to a final determination of "Identity Theft." However, if we determine there was not an "Identity Theft" these services will end and we will not have a right or duty to continue these services. Offering "Identity Theft Administrative Service" does not indicate an admission of liability under this policy.

4. Identify Theft Administrative Services. The following apply with respect to "Identity Theft Administrative Services":
  - a. Services will depend on the cooperation, permissions, and assistance provided by the "Identity Theft Insured";
  - b. There is no warranty or guarantee that "Identity Theft" issues will end and it will not prevent future "Identity Theft" incidences; and
  - c. All services may not be offered or applicable to all "Identity Theft Insureds." For example, minors may not have credit reports available to be monitored.

#### **DEFINITIONS**

1. "Coverage Territory" means:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.
2. "Executive officers" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
3. "Identity theft" means the act of knowingly transferring or using, without lawful authority, a means of identification of an "identity theft insured" with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law. "Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

4. "Identity Theft Expenses" means the following reasonable and necessary items incurred as a result of "identity theft":
  - a. Costs for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies.
  - b. Costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors.
  - c. Costs for obtaining credit reports.
  - d. Charges incurred for long distance telephone calls to merchants, vendors, suppliers, customers, law enforcement agencies, financial institutions or similar credit grantors, or credit agencies to report or discuss an actual "identity theft".
  - e. Application fees for re-applying for a loan, or loans when the original application is rejected solely because the lender received incorrect credit information as a result of a covered "identity theft."
  - f. Lost income resulting from time taken off from work to complete fraud affidavits, meet with or talk to law enforcement agencies, credit agencies and/or legal counsel, up to a maximum of \$250 per day. Total payment for loss of income is not to exceed \$5,000 per "identity theft insured" and is included within the "identity theft expense" and aggregate limits.
  - g. Attorney fees to:
    - i. Defend lawsuits brought against an "identity theft insured" by merchants, vendors, suppliers, financial institutions, or their collection agencies.
    - ii. Remove any criminal or civil judgments wrongly entered against an "identity theft insured"; and
    - iii. Challenge the accuracy or completeness of any information in a consumer credit report.
  - h. Advertising expenses to restore the reputation of your business after an "identity theft insured" has been the victim of "identity theft". Total payment for advertising expenses is not to exceed \$5,000 per "identity theft insured" and is included within the "identity theft expense" and aggregate limits.
5. "Identity Theft Administrative Services" means one or more individuals assigned by us to the "identity theft insured" to assist with the communication needed to re-establish the integrity of the "identity theft insured's" identity, including with the "identity's theft insured's" permission and cooperation, written and telephone communication with law enforcement authorities, government agencies, credit agencies, and individual creditors and businesses.
6. "Identity Theft Insured" means the following if you are designated in the Declarations as:
  - a. An individual or sole proprietorship, you and your spouse are insureds.
  - b. A partnership or joint venture, your members, your partners, and their spouses are insured's.
  - c. A limited liability company, your members are insured's.
  - d. An organization other than a partnership, joint venture, or limited liability company, your "executive officers" and directors are insureds. Your stockholders are not "identity theft insureds."

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**PROPERTY ANTI-STACKING ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

This policy may contain multiple editions of one or more property forms and/or endorsements. Where coverage for specific loss or damage is provided by more than one edition of the same form and/or endorsement, payment under only one such edition shall apply in any given occurrence.

When coverage and/or limits differ among the various editions of the same form or endorsement, the claim will be settled using the edition that provides the most favorable outcome to you.

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## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### **A. CANCELLATION**

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### **B. CHANGES**

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### **C. EXAMINATION OF YOUR BOOKS AND RECORDS**

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### **D. INSPECTIONS AND SURVEYS**

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### **E. PREMIUMS**

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### **F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY**

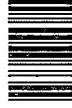
Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties under this policy will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **INDIANA CHANGES - CONCEALMENT, MISREPRESENTATION OR FRAUD**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART

- A.** The **Concealment, Misrepresentation Or Fraud Condition** is replaced by the following:

**Concealment, Misrepresentation Or Fraud**

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud

committed by an insured ("insured") at any time and relating to a claim under this policy.

- B.** However, with respect to the Commercial Property and Farm Coverage Parts, Paragraph **A.** does not apply when a claim is made by an "innocent coinsured", provided:

1. The property loss or damage occurs to the primary residence of the "innocent co-insured" as covered under Building Coverage (for Commercial Property) or Coverage **A** or **B** (for Farm).
2. The "final settlement" for the property loss or damage is at least 60% of available insurance proceeds under the policy.

- C.** The following is added and supersedes any provision to the contrary:

1. Any payment made pursuant to Paragraph **B.** will be for:
  - a. The actual cost of repair or replacement of the property that is the subject of the claim if the actual cost of repair or replacement is less than or equal to the maximum limit of coverage under the policy; or
  - b. The maximum limit of coverage under the policy if the actual cost of repair or replacement of the property that is the subject of the claim is greater than the maximum limit of coverage under the policy.

- 2.** Any payment made pursuant to Paragraph **B.** is limited to the following:

- a. An "innocent co-insured's" ownership interest in the property, less any payments we make to a mortgagee or other lienholder with a secured interest in the property.
- b. We will not pay another co-insured for any part of the claim for which we have already paid to an "innocent co-insured".
- c. We will not pay an amount that is greater than the amount an "innocent co-insured" is entitled to under a decree of dissolution of marriage between the "innocent co-insured" and an individual described in Paragraphs **D.1.a.** or **b.**

- D.** As used in this endorsement, "innocent co-insured" is an insured ("insured") who:

1. Did not have knowledge of, cooperate in, or intentionally contribute to a property loss or damage that was caused or arranged by another individual who:

Is an insured ("insured") and:

- a. Died in connection with the circumstances that caused the property loss or damage; or
- b. Has been charged with a crime based on a court finding that there is probable cause to believe that the individual committed the crime in connection with the circumstances that caused the property loss or damage;

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- 2. Signs a sworn affidavit attesting that they did not have knowledge of, cooperate in, or intentionally contribute to the property loss or damage; and
  - 3. Cooperates in the investigation and resolution of the claim for the property loss or damage, any police investigation related to the property loss or damage, and any criminal prosecution of the individual that caused or arranged the property loss or damage.
- E. As used in this endorsement, "final settlement" is a determination:
- 1. Of the amount owed by us to an "innocent coinsured" under Building Coverage (for Commercial Property) or Coverage A or B (for Farm) under the policy and for property loss or damage to the "innocent coinsured's" primary residence; and

- 2. Made by:
  - a. Acceptance of a proof of loss by us;
  - b. Execution of a release by the "innocent coinsured";
  - c. Acceptance of an arbitration award by the "innocent coinsured" and us; or
  - d. Judgment of a court of competent jurisdiction.

However, "final settlement" does not apply to loss or damage related to contents, personal property, or another loss that is not covered under Building Coverage (for Commercial Property) or Coverage A or B (for Farm) under this policy.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****INDIANA CHANGES - CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 FARM UMBRELLA LIABILITY POLICY  
 LIQUOR LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:**

**2. Cancellation Of Policies In Effect**

**a. 90 Days Or Less**

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 30 days before the effective date of cancellation if we cancel for any other reason.

**b. More Than 90 Days**

If this policy has been in effect for more than 90 days, or is a renewal of a policy we issued, we may cancel this policy, only for one or more of the reasons listed below, by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 45 days before the effective date of cancellation if:
  - (a) There has been a substantial change in the scale of risk covered by this policy;
  - (b) Reinsurance of the risk associated with this policy has been cancelled; or
  - (c) You have failed to comply with reasonable safety recommendations.

- B. The following is added to the Common Policy Conditions and supersedes any provision to the contrary.

**NONRENEWAL**

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days before:
  - a. The expiration date of this policy, if the policy is written for a term of one year or less; or
  - b. The anniversary date of this policy, if the policy is written for a term of more than one year.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
  - 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1) Computer hardware, including microprocessors;
      - (2) Computer application software;
      - (3) Computer operating systems and related software;
      - (4) Computer networks;
      - (5) Microprocessors (computer chips) not part of any computer system; or
      - (6) Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;
 

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any device, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.
  - B.** If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:
    - 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
    - 2.** Under the Commercial Property Coverage Part:
      - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
      - b.** In a Covered Cause of Loss under the Causes of Loss - Basic Form or the Causes of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
  - C.** We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 STANDARD PROPERTY POLICY

### **A. Cap On Certified Terrorism Losses**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and.
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

### **B. Application Of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CONDITIONAL EXCLUSION OF TERRORISM INVOLVING  
NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM  
(RELATING TO DISPOSITION OF FEDERAL TERRORISM  
RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM  
 FARM COVERAGE PART  
 STANDARD PROPERTY POLICY

**SCHEDULE**

The **Exception Covering Certain Fire Losses** (Paragraph D) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

<b><u>State(s)</u></b>	<b><u>Coverage Form, Coverage Part or Policy</u></b>
California, Connecticut, Georgia, Illinois, Iowa, Maine, Massachusetts, Missouri, New Jersey, New York, North Carolina, Oregon, Rhode Island, Virginia, Washington, West Virginia, Wisconsin	Commercial Property Coverage Part
California, Connecticut, Georgia, Illinois, Iowa, Maine, Massachusetts, Missouri, New Jersey, New York, North Carolina, Oregon, Rhode Island, Virginia, Washington, West Virginia, Wisconsin	Commercial Inland Marine Coverage Part

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Applicability Of The Provisions Of This Endorsement**

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
  - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or

**b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:**

- (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
- (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

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- (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
  - 2. If the provisions of this endorsement become applicable, such provisions:
    - a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
    - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
  - 3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.
- "Terrorism" means activities against persons, organizations or property of any nature:
- 1. That involve the following or preparation for the following:
    - a. Use or threat of force or violence; or
    - b. Commission or threat of a dangerous act; or
    - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. When one or both of the following applies:

- a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

#### **EXCLUSION OF TERRORISM**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- 1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- 2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- 3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

D. **Exception Covering Certain Fire Losses**

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

#### E. Application Of Other Exclusions

1. When the Exclusion Of Terrorism applies in accordance with the terms of C.1. or C.2., such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT OF DEFINITION OF POLLUTANTS**

This endorsement modifies insurance provided under the following:

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COMMERCIAL GENERAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
COMMERCIAL PROTECTOR COVERAGE FORM (BUSINESS OWNERS COVERAGE FORM)  
CUSTOM COMMERCIAL PROTECTOR PROPERTY COVERAGE FORM (INCLUDING EQUIPMENT BREAKDOWN)  
CUSTOM COMMERCIAL PROTECTOR GENERAL LIABILITY COVERAGE FORM  
BUSINESS OWNERS COVERAGE FORM  
COMMERCIAL AUTOMOBILE COVERAGE PART  
PRODUCT WITHDRAWAL COVERAGE PART  
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART  
AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

### **SCHEDULE**

**Specifically identified substances or materials.** Petroleum and any substances or materials derived, refined or manufactured, in whole or in part, from petroleum. This includes non-petroleum based substances or materials that are additives to such petroleum based substances or materials.

All other non-petroleum based substances or materials used in the operation or maintenance of dry cleaning equipment and facilities.

Any other substances or materials determined by any applicable federal, state, local or other governing authority, to be toxic or hazardous to persons, property or the environment.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The definition of "pollutants" is replaced by the following:

"Pollutants" means any substance or material that is a solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any substances or materials identified in the Schedule. Waste includes materials to be recycled, reconditioned or reclaimed.

The definition of "pollutants" applies whether or not such irritant or contaminant is your product or products used by you, and/or is an integral part of or incidental to your business or operations or has or had any function in your business, operations, premises, site or location.



## Policyholder Information

### Named Insured & Mailing Address

PARKDALE CENTER, LLC  
350 INDIAN BOUNDARY RD  
CHESTERTON, IN 46304

### Agent Mailing Address & Phone No.

(317) 634-7491  
GREGORY & APPEL INSURANCE-GR  
1402 N CAPITOL AVE STE 400  
INDIANAPOLIS, IN 46202-2375

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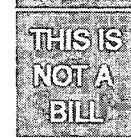
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### Dear Policyholder:

We know you work hard to build your business. We work together with your agent,  
**GREGORY & APPEL INSURANCE-GR (317) 634-7491**  
to help protect the things you care about. Thank you for selecting us.



Enclosed are your insurance documents consisting of:

Your  
Commercial  
Documents

- Commercial Property

To find your specific coverages, limits of liability, and premium, please refer to your Declarations page(s).

If you have any questions or changes that may affect your insurance needs, please contact your Agent at (317) 634-7491



### Reminders

- Verify that all information is correct
- If you have any changes, please contact your Agent at (317) 634-7491
- In case of a claim, call your Agent or 1-844-325-2467

### You Need To Know

- CONTINUED ON NEXT PAGE

*To report a claim, call your Agent or 1-844-325-2467*

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### You Need To Know - continued

- **NOTICE(S) TO POLICYHOLDER(S)**

The Important Notice(s) to Policyholder(s) provide a general explanation of changes in coverage to your policy. The Important Notice(s) to Policyholder(s) is not a part of your insurance policy and it does not alter policy provisions or conditions. Only the provisions of your policy determine the scope of your insurance protection. It is important that you read your policy carefully to determine your rights, duties and what is and is not covered.

FORM NUMBER	TITLE
CNI90 07 01 20	Important Notice Regarding the Expiration of the Terrorism Risk Insurance Act and the Reduction in Coverage for Terrorism Losses
CNI90 11 07 18	Reporting A Commercial Claim 24 Hours A Day
NP 70 29 09 10	Important Contact Information
NP 71 36 01 17	Indiana Mine Subsidence Coverage
NP 72 42 01 15	Terrorism Insurance Premium Disclosure And Opportunity To Reject
NP 74 06 01 06	Flood Insurance Notice
NP 74 44 09 06	U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Advisory Notice to Policyholders
NP 89 69 11 10	Important Policyholder Information Concerning Billing Practices
NP 98 20 01 15	Jurisdictional Boiler And Pressure Vessel Inspections

- This policy will be direct billed. You may choose to combine any number of policies on one bill with your billing account. Please contact your agent for more information.

CNI 90 07 01 20

## IMPORTANT NOTICE REGARDING THE EXPIRATION OF THE TERRORISM RISK INSURANCE ACT AND THE REDUCTION IN COVERAGE FOR TERRORISM LOSSES

### PLEASE READ THIS NOTICE CAREFULLY

This is to notify you of a reduction in coverage for terrorism losses under your insurance policy when the Terrorism Risk Insurance Act ("TRIA") expires, which is scheduled to occur on December 31, 2020. This notice does not apply to Workers Compensation insurance.

TRIA, as amended, is a temporary program that spreads losses from government "certified" acts of terrorism between insurers and the federal government. In summary, TRIA requires insurers to make coverage for "certified acts of terrorism" available, and to pay losses from "certified acts of terrorism" up to a deductible amount. If an individual insurer's losses exceed this amount, the government will reimburse the insurer a certain percentage (81% in 2019 and 80% in 2020) of losses paid in excess of the deductible.

Policyholders have the option to accept or reject this coverage.

TRIA will expire on December 31, 2020, unless Congress and the President act to extend it. Otherwise, after 2020, the federal government will no longer "certify" acts of terrorism or reimburse losses caused by "certified acts of terrorism."

If you purchase coverage for "certified acts of terrorism," and TRIA expires on or after December 31, 2020, your insurance coverage will be reduced. After the date TRIA expires, where permitted by state law\*, your policy will exclude coverage for losses from acts of terrorism that directly or indirectly involve nuclear or radioactive agents or materials, or pathogenic or poisonous biological or chemical agents or materials ("NBCR"). However, your policy will continue to provide coverage for other acts of terrorism (acts of terrorism not involving NBCR), subject to all policy terms and conditions.

If you elect not to purchase coverage for "certified acts of terrorism," and TRIA expires on or after December 31, 2020, losses caused by terrorist acts will continue to be excluded from your policy, where and as permitted by state law\*. While this exclusion applies to all NBCR terrorism events, it does not apply to other acts of terrorism until the size of the event exceeds the following thresholds:

- For property policies and related TRIA first party coverages, total event wide insured damages (including business income) exceed \$25,000,000;
- For liability policies and related TRIA casualty coverages, the event involves:
  - Serious injury to 50 or more people; or
  - Total event wide insured property damage (including business income) in excess of \$25,000,000

Please see the policy for full details and other applicable policy terms and conditions.

\* Some states, including New York and Florida, may not approve or allow the use of certain exclusions related to acts of terrorism. Therefore, exclusions for losses caused by acts of terrorism may not apply in all states.

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## REPORTING A COMMERCIAL CLAIM 24 HOURS A DAY

Liberty Mutual Insurance claims professionals across the United States are ready to resolve your claim quickly and fairly, so you and your team can focus on your business. Our claims teams are specialized, experienced and dedicated to a high standard of service.

### We're Just a Call Away - One Phone Number to Report All Commercial Insurance Claims

Reporting a new claim has never been easier. A Liberty Mutual customer service representative is available to you 24/7 at 1(844) 325-2467 for reporting new property, auto, liability and workers' compensation claims. With contact centers strategically located throughout the country for continuity and accessibility, we're there when we're needed!

### Additional Resource for Workers' Compensation Customers

In many states, employers are required by law to use state-specific workers compensation claims forms and posting notices. This type of information can be found in the Policyholders Toolkit section of our website along with other helpful resources such as:

- Direct links to state workers compensation websites where you can find state-specific claim forms
- Assistance finding local medical providers
- First Fill pharmacy forms - part of our managed care pharmacy program committed to helping injured workers recover and return to work

Our Policyholder Toolkit can be accessed at [www.libertymutualgroup.com/toolkit](http://www.libertymutualgroup.com/toolkit).

For all claims inquiries please call us at

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## NOTICE TO POLICYHOLDERS - INDIANA

### IMPORTANT CONTACT INFORMATION

As our policyholder, your satisfaction is very important to us. If you have a question about your policy, if you need assistance with a problem, or if you have a claim, you should first contact your Independent Insurance Agent. If your agent is unable to resolve your concerns, please contact us.

If you have a question or complaint about a claim on any policy other than Workers Compensation, you may contact our claims office at the following:

Claim Office  
350 East 96th St.  
Indianapolis, IN 46240  
Telephone: (800) 428-2100

Fax: (317) 581-6847

If you:

- (a) Need the assistance of the governmental agency that regulates insurance, or
- (b) Have a complaint you have been unable to resolve with your insurer.

You may contact the Department by mail, telephone or E-mail:

State of Indiana Department of Insurance  
Consumer Service Division  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204

Consumer Hotline: (800) 622-4461; (317) 232-2395

Complaints can be filed electronically at [www.in.gov/idoi](http://www.in.gov/idoi).

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## INDIANA COAL MINE SUBSIDENCE COVERAGE

IF YOUR STRUCTURE IS NOT INSURED AGAINST MINE SUBSIDENCE AND IF YOUR STRUCTURE IS LOCATED IN A COUNTY AUTHORIZED FOR MINE SUBSIDENCE, THIS COVERAGE IS AVAILABLE. INDIANA INSURANCE CODE DEFINES "STRUCTURE" AS ANY DWELLING, BUILDING OR FIXTURE PERMANENTLY FIXED TO REAL PROPERTY. THE TERM DOES NOT INCLUDE LAND, TREES, CROPS OR OTHER PLANTS.

Owners of structures located in the 26 counties authorized for Mine Subsidence insurance can purchase this coverage for the value of the structure up to a maximum of \$500,000. In addition, you have the option to purchase Additional Living Expense coverage if you are temporarily displaced as a direct result of mine subsidence damage to the covered structure in which you reside. Limits up to \$15,000 are available for \$5.

The annual premium charge for Mine Subsidence coverage is:

<u>COAL MINE SUBSIDENCE COVERAGE AMOUNT</u>	<u>DWELLING STRUCTURES PREMIUM</u>	<u>COAL MINE SUBSIDENCE COVERAGE AMOUNT</u>	<u>NON-DWELLING STRUCTURES PREMIUM</u>
\$0 TO \$25,000	\$24	\$0 TO \$25,000	\$42
\$25,001 TO \$40,000	\$30	\$25,001 TO \$35,000	\$48
\$40,001 TO \$60,000	\$36	\$35,001 TO \$45,000	\$54
\$60,001 TO \$75,000	\$42	\$45,001 TO \$55,000	\$60
\$75,001 TO \$100,000	\$60	\$55,001 TO \$65,000	\$66
\$100,001 TO \$125,000	\$80	\$65,001 TO \$75,000	\$72
\$125,001 TO \$150,000	\$98	\$75,001 TO \$85,000	\$75
\$150,001 TO \$175,000	\$114	\$85,001 TO \$100,000	\$90
\$175,001 TO \$200,000	\$130	\$100,001 TO \$125,000	\$115
\$200,001 TO \$225,000	\$146	\$125,001 TO \$150,000	\$138
\$225,001 TO \$250,000	\$163	\$150,001 TO \$175,000	\$159
\$250,001 TO \$275,000	\$179	\$175,001 TO \$200,000	\$179
\$275,001 TO \$300,000	\$195	\$200,001 TO \$225,000	\$207
\$300,001 TO \$325,000	\$211	\$225,001 TO \$250,000	\$230
\$325,001 TO \$350,000	\$228	\$250,001 TO \$275,000	\$253
\$350,001 TO \$375,000	\$244	\$275,001 TO \$300,000	\$276
\$375,001 TO \$400,000	\$260	\$300,001 TO \$325,000	\$299
\$400,001 TO \$425,000	\$276	\$325,001 TO \$350,000	\$322
\$425,001 TO \$450,000	\$293	\$350,001 TO \$375,000	\$345
\$450,001 TO \$475,000	\$309	\$375,001 TO \$400,000	\$368
\$475,001 TO \$500,000	\$325	\$400,001 TO \$425,000	\$391
		\$425,001 TO \$450,000	\$414
		\$450,001 TO \$475,000	\$437
		\$475,001 TO \$500,000	\$460

Structures located in any of the following counties are eligible for Mine Subsidence Coverage.

Clay	Knox	Parke	Sullivan
Crawford	Lawrence	Perry	Vanderburgh
Daviess	Martin	Pike	Vermillion
Dubois	Monroe	Posey	Vigo
Fountain	Montgomery	Putnam	Warren
Gibson	Orange	Spencer	Warrick
Greene	Owen		

If you desire more information or wish to purchase Mine Subsidence coverage and your property is located in one of the 26 authorized counties, please contact your agent.

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PARKDALE CENTER, LLC

BFS (20) 60 24 91 00

From 09/01/2019 To 09/01/2020

350 INDIAN BOUNDARY RD  
CHESTERTON, IN 46304

(317) 634-7491

GREGORY &amp; APPEL INSURANCE~GR

1402 N CAPITOL AVE STE 400  
INDIANAPOLIS, IN 46202-2375**TERRORISM INSURANCE PREMIUM DISCLOSURE  
AND OPPORTUNITY TO REJECT**

This notice contains important information about the Terrorism Risk Insurance Act and its effect on your policy. Please read it carefully.

**THE TERRORISM RISK INSURANCE ACT**

The Terrorism Risk Insurance Act, including all amendments ("TRIA" or the "Act"), establishes a program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government. If an individual insurer's losses from certified acts of terrorism exceed a specified deductible amount, the government will reimburse the insurer for a percentage of losses (the "Federal Share") paid in excess of the deductible, but only if aggregate industry losses from such acts exceed the "Program Trigger". An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

The Federal Share and Program Trigger by calendar year are:

Calendar Year	Federal Share	Program Trigger
2015	85%	\$100,000,000
2016	84%	\$120,000,000
2017	83%	\$140,000,000
2018	82%	\$160,000,000
2019	81%	\$180,000,000
2020	80%	\$200,000,000

**MANDATORY OFFER OF COVERAGE FOR "CERTIFIED ACTS OF TERRORISM" AND DISCLOSURE OF PREMIUM**

TRIA requires insurers to make coverage available for any loss that occurs within the United States (or outside of the U.S. in the case of U.S. missions and certain air carriers and vessels), results from a "certified act of terrorism" AND that is otherwise covered under your policy.

A "certified act of terrorism" means:

[A]ny act that is certified by the Secretary [of the Treasury], in consultation with the Secretary of Homeland Security, and the Attorney General of the United States.

- (i) to be an act of terrorism;

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- (ii) to be a violent act or an act that is dangerous to -
    - (I) human life;
    - (II) property; or
    - (III) infrastructure;
  - (iii) to have resulted in damage within the United States, or outside of the United States in the case of -
    - (I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or
    - (II) the premises of a United States mission; and
  - (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

#### **REJECTING TERRORISM INSURANCE COVERAGE - WHAT YOU MUST DO**

We have included in your policy coverage for losses resulting from "certified acts of terrorism" as defined above.

THE PREMIUM CHARGE FOR THIS COVERAGE APPEARS ON THE DECLARATIONS PAGE OF THE POLICY AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT. If we are providing you with a quote, the premium charge will also appear on your quote as a separate line item charge.

IF YOU CHOOSE TO REJECT THIS COVERAGE, PLEASE CHECK THE BOX BELOW, SIGN THE ACKNOWLEDGMENT, AND RETURN THIS FORM TO THE ADDRESS BELOW: Please ensure any rejection is received within thirty (30) days of the effective date of your policy.

Before making a decision to reject terrorism insurance, refer to the Disclaimer for Standard Fire Policy States located at the end of this Notice.

I hereby reject this offer of coverage. I understand that by rejecting this offer, I will have no coverage for losses arising from "certified acts of terrorism" and my policy will be endorsed accordingly.

Policyholder/Applicant's Signature

Print Name

Date Signed

---

Named Insured

Policy Number

PARKDALE CENTER, LLC

BFS (20) 60 24 91 00

Policy Effective/Expiration Date

From 09/01/2019 To 09/01/2020

#### **IF YOU REJECTED THIS COVERAGE, PLEASE RETURN THIS FORM TO:**

Attn: Commercial Lines Division - Terrorism  
PO Box 66400  
London, KY 40742-6400

**Note:** Certain states (currently CA, GA, IA, IL, ME, MO, NY, NC, NJ, OR, RI, WA, WI and WV) mandate coverage for loss caused by fire following a "certified act of terrorism" in certain types of insurance policies. If you reject TRIA coverage in these states on those policies, you will not be charged any additional premium for that state mandated coverage.

**The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy carefully.**

If you have any questions regarding this notice, please contact your agent.

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## FLOOD INSURANCE NOTICE

Unless a Flood Coverage endorsement is attached, your policy does not provide flood coverage and you will **not** have coverage for property damage from floods unless you purchase a separate policy for flood insurance through the Federal Emergency Management Agency (FEMA) National Flood Insurance Program.

If you would like more information about obtaining coverage under the National Flood Insurance Program, please contact your agent.

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**U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN  
ASSETS CONTROL ("OFAC")  
ADVISORY NOTICE TO POLICYHOLDERS**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

Please refer any questions you may have to your insurance agent.

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site - <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

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## IMPORTANT POLICYHOLDER INFORMATION CONCERNING BILLING PRACTICES

**Dear Valued Policyholder:** This insert provides you with important information about our policy billing practices that may affect you. Please review it carefully and contact your agent if you have any questions.

**Premium Notice:** We will mail you a policy Premium Notice separately. The Premium Notice will provide you with specifics regarding your agent, the account and policy billed, the billing company, payment plan, policy number, transaction dates, description of transactions, charges/credits, policy amount balance, minimum amount, and payment due date. This insert explains fees that may apply to and be shown on your Premium Notice.

**Available Premium Payment Plans:**

- **Annual Payment Plan:** When this plan applies, you have elected to pay the entire premium amount balance shown on your Premium Notice in full. No installment billing fee applies when the Annual Payment Plan applies.
- **Installment Payment Plan:** When this plan applies, you have elected to pay your policy premium in installments (e.g.: quarterly or monthly installments - Installment Payment Plans vary by state). As noted below, an installment fee may apply when the Installment Payment Plan applies.

The Premium Payment Plan that applies to your policy is shown on the top of your Premium Notice. Please contact your agent if you want to change your Payment Plan election.

**Installment Payment Plan Fee:** If you elected to pay your premiums in installments using the Installment Premium Payment Plan, an installment billing fee applies to each installment bill. The installment billing charge will not apply, however, if you pay the entire balance due when you receive the bill for the first installment. Because the amount of the installment charge varies from state to state, please consult your Premium Notice for the actual fee that applies.

**Dishonored Payment Fee:** Your financial institution may refuse to honor the premium payment withdrawal request you submit to us due to insufficient funds in your account or for some other reason. If that is the case, and your premium payment withdrawal request is returned to us dishonored, a payment return fee will apply. Because the amount of the return fee varies from state to state, please consult your Premium Notice for the actual fee that applies.

**Late Payment Fee:** If we do not receive the minimum amount due on or before the date or time the payment is due, as indicated on your Premium Notice, you will receive a policy cancellation notice effective at a future date that will also reflect a late payment fee charge. Issuance of the cancellation notice due to non-payment of a scheduled installment(s) may result in the billing and collection of all or part of any outstanding premiums due for the policy period. Late Payment Fees vary from state to state and are not applicable in some states.

**Special Note:** Please note that some states do not permit the charging of certain fees. Therefore, if your state does not allow the charging of an Installment Payment Plan, Dishonored Payment or Late Payment Fee, the disallowed fee will not be charged and will not be included on your Premium Notice.

**EFT-Automatic Withdrawals Payment Option:** When you select this option, you will not be sent Premium Notices and, in most cases, will not be charged installment fees. For more information on our EFT-Automatic Withdrawals payment option, refer to the attached policyholder plan notice and enrollment sheet.

Once again, please contact your agent if you have any questions about the above billing practice information.

**Thank you for selecting us to service your insurance needs.**

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## JURISDICTIONAL BOILER AND PRESSURE VESSEL INSPECTIONS

Most jurisdictions (cities or states) are governed by laws and regulations that require owners of boilers and pressure vessels to have their equipment inspected on a routine basis. Jurisdictions require that equipment is installed and operated according to these regulations, and it is the equipment breakdown engineering inspector's responsibility to verify the equipment complies with all requirements.

Liberty Mutual Equipment Breakdown is a National Board Accredited Authorized Inspection Agency. This designation is recognized by authorities having jurisdictions in the U.S. & provinces of Canada and gives Liberty Mutual commissioned inspectors the ability to perform jurisdictionally required inspection on boilers and pressure vessels at insured locations. We have field inspectors strategically located throughout the U.S. to perform boiler and pressure vessel inspection for our customers and clients.

To request a Jurisdictional Inspection please:

- Call the LMEB Hotline (877) 526-0020
- Or
- Email your request to [LMEBInspections@Libertymutual.com](mailto:LMEBInspections@Libertymutual.com)

The assigned EB Risk Engineer will call to schedule within 24 - 48 hours. When requesting an inspection please include the following:

- Current Policy Number
- Location Address
- Contact Name
- Contact Phone Number and/or Email Address

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